

WEINTRAUB ZOLKIN TALERICO & SELTH LLP
11766 WILSHIRE BLVD., SUITE 730
LOS ANGELES, CA 90025

Derrick Talerico (State Bar No. 223763)
dtalerico@wztslaw.com
David B. Zolkin (State Bar No. 155410)
dzolkin@wztslaw.com
WEINTRAUB ZOLKIN TALERICO & SELTH LLP
11766 Wilshire Boulevard, Suite 730
Los Angeles, CA 90025
Telephone: (424) 500-8552

General Bankruptcy Counsel to
Chapter 11 Debtor and Debtor in Possession,
SEATON INVESTMENTS, LLC

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION

In re:

SEATON INVESTMENTS, LLC, *et al.*,

Debtors and Debtors In
Possession.

Lead Case No. 2:24-bk-12079-VZ

Jointly Administered with Case Nos.:
2:24-bk-12080-VZ; 2:24-bk-12081-VZ;
2:24-bk-12082-VZ; 2:24-bk-12091-VZ;
2:24-bk-12074-VZ; 2:24-bk-12075-VZ and
2:24-bk-12076-VZ

Chapter 11

**DECLARATION OF DERRICK
TALERICO IN SUPPORT OF
MOTION BY AFFECTED DEBTORS
FOR ENTRY OF AN ORDER
AUTHORIZING USE OF CASH
COLLATERAL PURSUANT TO
11 U.S.C. § 363(C)(2) AND RELATED
DEADLINES**

Hearing:

Date: June 20, 2024
Time: 11:00 a.m.
Courtroom: 1368
255 E. Temple Street
Los Angeles, CA 90012

- ☐ Affects All Debtors.
☒ Affects Seaton Investments, LLC
☒ Affects Colyton Investments, LLC
☐ Affects Broadway Avenue Investments, LLC
☒ Affects SLA Investments, LLC
☒ Affects Negev Investments, LLC
☒ Affects Alan Gomperts
☐ Affects Daniel Halevy
☒ Affects Susan Halevy

I, Derrick Talerico, hereby declare as follows:

1. I am an attorney duly admitted to practice law in the state of California and am admitted inter alia to the United States District Court for the Central District of California, and therefore to practice in the United States Bankruptcy Court for the Central District of California. I have personal knowledge of the facts stated herein and knowledge based on business records of my law practice and of my law firm Weintraub Zolkin Talerico & Selth LLP (the "Firm").

2. I am the general bankruptcy counsel for Seaton Investments, LLC, ("Seaton"), Colyton Investments, LLC ("Colyton"), Broadway Avenue Investments, LLC ("Broadway"), SLA Investments, LLC ("SLA"), and Negev Investments, LLC ("Negev," and, collectively with Seaton, Colyton, Broadway, and SLA, the "Corporate Debtors"), the above-captioned corporate chapter 11 debtors and debtors-in-possession.

3. I submit this Declaration as requested by the Court pursuant to the *Order Granting Application and Setting Hearing on Shortened Notice* (the "Order") [Doc. No. 91] and in support of the *Motion by Affected Debtors for Entry of an Order Authorizing Use of Cash Collateral Pursuant to 11 U.S.C. § 363(c)(2)* (the "Motion") [Doc. No. 87] filed on June 7, 2024.

4. Although the Corporate Debtors negotiated with their major lenders – KDM and Archway for many months prior to the commencement of these cases, the decision to file the cases was made on short notice and did not allow for extensive pre-bankruptcy planning. The Debtors recognized that they would need to address cash collateral issues on a multitude of properties.

5. The main concern was KDM's cash collateral on Seaton and Colyton, and as we had advised the Court, we had negotiated for use of cash collateral with KDM's counsel on a temporary basis. For Archway's collateral, the primary asset – Broadway – was not currently generating rents, and the only concern was the supporting collateral found with SLA, Negev, and the personally owned properties.

6. As explained in the Motion, Debtors do not believe there is an issue with cash collateral at Negev, but included it in the Motion in an abundance of caution. That only left

SLA that needed to address the use of cash collateral. To that end, counsel attempted to negotiate for the use of cash collateral with Archway's counsel, which efforts were ultimately unsuccessful. SLA had some small amount of pre-petition funds that could be used for expenses, but when it became clear that a motion for use of cash collateral would be necessary, Debtors determined that a joint motion to address the cash collateral needs of all Debtors was in their best interests for efficiency and cost. To that end, the Debtors prepared and filed the Motion, which addresses cash collateral or potential cash collateral for nine properties and six lenders, and arranged for replacement liens to fully protect all lenders for the post-petition use of their cash collateral.

7. The Debtors have worked out terms for the use of cash collateral with KDM and have come to an agreement with Archway for interim use of cash collateral for a few weeks and are hopeful they can negotiate a long-term agreement with Archway in that time. The other lenders that have objected to the Motion – Wells Fargo and Harvest – have massive equity cushions to protect their interests in cash collateral, and are ancillary to the interests of KDM and Archway, which are the drivers for the filing of these cases and how they will be resolved.

8. Ideally, the Motion would have been filed sooner, but the filing was drawn out by the lack of an immediate day-one need for the Motion, efforts to negotiate the consensual use of cash collateral, and the time required to put together a motion to address the varying circumstances of six lenders and nine properties. The Debtors are comforted that they were able to identify and offer replacement collateral that can fully protect the lenders' rights, but recognize an earlier filing would have been the preferred course.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on this 19th day of June, 2024, at Los Angeles, California.

/s/ Derrick Talerico
Derrick Talerico

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
11766 Wilshire Blvd, Suite 730, Los Angeles, CA 90025

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF DERRICK TALERICO IN SUPPORT OF MOTION BY AFFECTED DEBTORS FOR ENTRY OF AN ORDER AUTHORIZING USE OF CASH COLLATERAL PURSUANT TO 11 U.S.C. SECTION 363(C)(2)** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) June 19, 2024, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

See attached NEF Service List

☒ Service information continued on attached page

2. **SERVED BY UNITED STATES MAIL**:

On (*date*) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) June 19, 2024, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

The Honorable Vincent Zurzolo (via personal delivery)
United States Bankruptcy Court
255 E Temple St Suite 1360
Los Angeles, CA 90012

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

June 19, 2024
Date

Martha E. Araki
Printed Name

/s/ Martha E. Araki
Signature

Seaton Investments, LLC – Jointly Administered

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

- Attorneys for Corporate Debtors Seaton Investment, LLC, Colyton Investments, LLC, Broadway Avenue Investments, LLC, Negev Investments, LLC, SLA Investments, LCC.: **Derrick Talerico:** dtalerico@wztslaw.com; maraki@wztslaw.com; sfritz@wztslaw.com
- Attorneys for Individual Debtors Alan Gomperts, Daniel Halevy, Susan Haley: **Zev Shechtman, Carol Chow, Turner Falk:** zev.shechtman@salu.com; zshechtman@ecf.inforuptcy.com; carol.chow@saul.com; easter.santamaria@saul.com; turner.falk@saul.com
- Attorneys for Creditor Korth Direct Mortgage, Inc.: **Tanya Behnam:** tbehnam@polsinelli.com, tanyabehnam@gmail.com; ccripe@polsinelli.com; ladocketing@polsinelli.com
- Attorneys for Creditor Archway Real Estate Income Fund I SPE I, LLC: **Michael G. Fletcher, Bruce D. Poltrock, Gerrick Warrington:** mfletcher@frandzel.com; gwarrington@frandzel.com; bpoltrock@frandzel.com; sking@frandzel.com; achase@frandzel.com
- Attorneys for Creditor Wells Fargo National Bank West: **Todd S Garan:** ch11ecf@aldridgepite.com; TSG@ecf.inforuptcy.com; tgaran@aldridgepite.com
- Attorneys for Creditor Harvest Small Business Finance, LLC: **Jacqueline L James:** jjames@hrhlaw.com
- Courtesy NEF/Interested Party Avi Muhtar: **Avi Edward Muhtar:** amuhtar@eaccidents.com
- Courtesy NEF/Interested Party: **Jennifer C Wong:** bknotice@mccartyholthus.com; jwong@ecf.courtdrive.com
- US Trustee's Office: ustpregion16.la.ecf@usdoj.gov; **Kelly L. Morrison:** Kelly.l.morrison@usdoj.gov